



James G. Gilbert, Superintendent  
(208) 587-2580  
FAX (208) 587-9896  
[www.mtnhomesd.org](http://www.mtnhomesd.org)

DATE: January 16, 2017

TO: Certified Public Accounting Firms Specializing in School District Audit Services and Audit Firms Having Expressed an Interest in Responding to a Request for Proposals

FROM: Cliff Ogborn, Director of Fiscal Operations  
470 North 3<sup>rd</sup> East  
Mountain Home, Idaho 83647

### GENERAL INFORMATION

1. Mountain Home School District No. 193 (School District/MHSD) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2017, and the four succeeding years 2018, 2019, 2020, and 2021. It has been several years since the previous audit bid. There have been no disagreements or termination of services from the existing auditor to cause this request. These audits are to be performed in accordance with generally accepted auditing standards, the standards set forth for financial audits in the General Accounting Office's (GAO) Government Auditing Standards the provisions of the Federal Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Financial statements will be prepared under the format as outlined in the latest GASB formats.
2. There is no expressed or implied obligation for the School District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.
3. To be considered for this engagement, your firm must meet the qualifications and satisfy the requirements set forth in this request for proposals.
4. The successful firm will be required to provide evidence of General (Public) Liability Insurance and Professional Liability Insurance in the form of Certificates of Insurance issued on behalf of the School District No. 193 for the following minimum coverage:

Comprehensive General Liability Insurance	\$1,000,000
Professional Liability insurance (including errors and omissions)	\$1,000,000

The contractor hereby assures that they will comply with Sub-Chapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000e through 2000e(17), to the end that no person shall, on the grounds of race, creed, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this agreement or under any project, program or activity by this agreement. The contract will also require that

*"Committed to Learning Today for Tomorrow's World"*

the successful firm provide Worker's Compensation Insurance for all employees engaged in this project.

## **REQUESTS FOR PROPOSALS**

1. Sealed proposals will be received up to 10:00 a.m., February 28, 2017, in the District Administration Office, 470 North 3<sup>rd</sup> East, Mountain Home, Idaho, 83647, at which time they will be publicly opened.
2. All envelopes containing proposals are to be clearly marked "PROPOSAL FOR AUDITING SERVICES." The envelope itself is to be addressed as follows:

**Mountain Home School District No. 193**  
**Proposal for Auditing Services**  
**P.O. Box 1390**  
**470 North 3<sup>rd</sup> East**  
**Mountain Home, Idaho 83647**

3. Each firm shall submit four (4) complete copies of their proposal for review.
4. In order to be considered for selection, proposals must be received by the time and date shown above. Late proposals will not be considered.
5. During the evaluation process, the School District reserves the right, where it may serve the School District's best interest, to request additional information or clarifications from bidding firms or to allow corrections of errors or omissions.
6. The School District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the School District and the firm selected.
7. The School District reserves the right, without prejudice, to reject any and all proposals received as a result of this request or to negotiate separately with any source in any manner necessary to serve the best interest of the School District.
8. Bidders shall protect, indemnify, defend, and save the School District harmless from and against any damage, cost, or liability, including reasonable attorney's fees, for any or all injuries to persons or property arising from acts or omissions of the auditing firm or their employees.
9. Proposals should be prepared simply and economically, providing a straightforward, concise description of the auditing firm's capabilities to satisfy the requirements of the audit. Emphasis should be on completeness and clarity of content.
10. Proposals must be signed by individuals having authority to sign them or must have attached to them a Power of Attorney, evidencing authority to sign the proposal in the name of the person for whom it is signed.

11. The term of the contract shall be for a period of five (5) years beginning with the fiscal year 2016-2017. The School District will conduct an annual review of the performance of the audit firm and recommend to the Board of Trustees any changes in the terms of the contract or the scope of the engagement. Either party shall have the right to terminate this contract at the end of any fiscal year for any reason by giving written notice of its intention to terminate to the other party at least one-hundred and eighty (180) days prior to the end of the fiscal year in effect at the time notice is given. The party giving notice shall perform all duties necessary to complete the audit for the fiscal year during which it gave notice.
12. The proposal shall contain all estimated costs for providing the scope of services contained in these specifications for the audit year beginning July 1, 2016, and each year thereafter during the term of the contract.

The summary of costs shall include the schedule of fees for (1) partner's time, (2) principal's time, (3) senior's time, (4) junior accountant's time, (5) other's time, (6) travel, out-of-pocket costs, and other associated costs for the preparation of the required financial statements and associated management letters as further described under "Nature of Services Required."
13. Questions regarding this Request for Proposals must be submitted in writing and received by the School District NO LATER THAN February 15, 2017. Questions received after that date will not be considered. Submit questions in writing to the address above or fax to (208) 587-9896.
14. All clarifications or other modifications will be provided in writing. All modifications to the requirements of the Request for Proposals will be communicated to all bidders by addenda mailed to their address of record.

## **NATURE OF SERVICES REQUIRED**

### **A. Scope of Work to be Performed**

The School District is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending June 30, 2017, 2018, 2019, 2020, and 2021. The School District desires the auditor to express an opinion on the fair presentation of the general-purpose financial statements in conformity with generally accepted accounting principles.

### **B. Auditing Standards to be Followed**

To meet the requirements of this Request for Proposals, the audits shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act Amendments of 1996, and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations." Reports shall follow current GASB formats.

### **C. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the financial statements of the Mountain Home School District

*"Committed to Learning Today for Tomorrow's World"*

#193 taken as a whole. Single audits are required as part of the audit if they fall within the Federal requirements. The Department of Commerce A-133 form is to be filed with the Federal clearinghouse on-line at the end of the audit. Prior audit reports and budgets are available on-line at the School District website, [www.mtnhomesd.org](http://www.mtnhomesd.org).

#### D. Work Papers

All working papers, files, and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the School District of the need to extend the retention period. The auditor will be required to make working papers or files available, upon request, to the following parties or their designees:

- The School District
- The State Legislative Auditors Office
- Parties designated by the federal or state government or by the School District as part of an audit quality review process
- Auditors of entities of which the School District is a sub-recipient of grant funds

In addition, the firm shall respond to the reasonable requests of successor auditors and allow successor auditors to review working papers relating to matters of continuing audit significance.

### **DESCRIPTION OF THE SCHOOL DISTRICT**

The School District's facilities include five elementary schools, one middle school, one junior high school, one alternative high school, and one traditional high school.

The student enrollment is approximately 3,800 with approximately 425 employees. We have a Supplemental Levy and a Plant Facility Levy in addition to receiving Impact Aid because of the military connection with the Air Force Base. Additional information is on the MHSD website at [www.mtnhomesd.org](http://www.mtnhomesd.org).

Mountain Home School District has Food Service revenue in excess of \$1,000,000, Title 1 revenue in excess of \$750,000, and IDEA School age revenue in excess of \$750,000.

The Director of Fiscal Operations oversees the financial activities of the School District. The business operations include payroll, human resources, accounts payable, accounting, and food service. There is one staff person in each of these areas. There is one Superintendent, one Director of Student Services (Special Needs), and one Director of Federal Programs.

The School District's financial system is a purchased system from Skyward. Student data utilizes PowerSchool. We migrated to Skyward in FY 2014.

### **AUDIT BID PROJECT TIMETABLE**

The following is a proposed schedule for the 2016-2017 fiscal year audit bid procedure.

- A. February 28, 2017, the auditor will provide a detailed audit plan for the audit to the School District and submit all required documents to the School District for review.

- B. March 10, 2017, the audit documents will be reviewed by the School District's Audit Committee and interviews will be scheduled for qualified firms.
- C. March 25, 2017, the interviews will be conducted and further questions will be clarified by the firm, if the Committee has any. The Committee will have a point system to determine the auditor's qualifications.
- D. Presentation to the Board of Trustees by the Committee for auditor selection is anticipated to occur at the April 18, 2017, Board meeting.
- E. A draft of the audit report is to be delivered to the Director of Fiscal Operations no later than October 5 of each year to verify and reconcile any differences between the audit report and the financial statements in Skyward. At this time, any questions or final concerns will be addressed and resolved.
- F. The Final Bound Audit (20 copies) is to be received at the School District Office on the Wednesday before the October Board meeting. An electronic PDF file will accompany the audit reports.
- G. The audit will be presented to the Board of Trustees by a representative of the audit firm at the October 17, 2017, Board meeting.
- H. Filing the report and the Board accepted audit report will be submitted to the Federal Audit Clearinghouse no later than November 15 each year.

## **RESPONSIBILITIES OF THE SCHOOL DISTRICT**

The School District will:

- Prepare confirmation letters to attorneys and banks.
- Provide a detailed trial balance
- Provide year-end reconciliations that tie to the general ledger for assets & liabilities
- Provide copies of invoices, payroll documents, and other documents required by the firm.
- Provide information as required from Skyward as the firm requests.

## **RESPONSIBILITIES OF THE AUDIT FIRM**

The audit firm will:

- Provide sufficiently qualified staff in numbers required to perform the audit.
- Adequately review and audit School District's internal controls and operations to provide reasonable assurance that sufficient controls are in place.
- Prepare the audit report format in conjunction with the data provided by the Director of Fiscal Operations.
- Prepare the footnotes to the audit.
- Work with Milliman and Associates to incorporate GASB 75 information and footnotes.
- Provide Single Audit services and reporting as required.
- Present the final audit report to the Board of Trustees in October.

*"Committed to Learning Today for Tomorrow's World"*

- File the A-133 report with the Federal Audit Clearinghouse.
- Perform additional audit services at the Direction of the School District.
- Perform very limited audits on the ASB funds unless specifically directed otherwise by the School District.

## **FORMAT OF PROPOSALS**

The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the School District in conformity with the requirements of this Request for Proposals. As such, the substance of the proposal will carry more weight than their form or manner of presentation. Emphasis should be placed upon the specific qualifications of the firm and individuals who will actually perform the audit procedures. It should also specify an audit approach that will meet the requirements of the Request for Proposals.

The bidder should address all the points outlined in the Request for Proposals. The proposal should be prepared simply and economically, providing straightforward, concise description of the bidder's capabilities to satisfy the requirements of the Request for Proposals.

## **QUALIFICATION AND EXPERIENCE**

- A. The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed. Provide any relevant information regarding your firm as it pertains to governmental audit experience. Include credentials and qualifications for all staff intended to perform the initial audit.
- B. The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.
- C. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.
- D. Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists who would be assigned to the engagement and indicate whether such person is registered or licensed to practice as a certified public accountant in Idaho. Provide information on the government auditing experience of each person.
- E. The firm should provide as much information as possible regarding the number, qualification, experience, and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm should also indicate how the quality of staff over the term of the agreement would be assured.
- F. Engagement partners, managers, other supervisory staff, and specialists may be changed for those personnel who leave the firm, who are promoted, or who are assigned to another office. Those personnel may also be changed for other reasons with the express

*"Committed to Learning Today for Tomorrow's World"*

permission of the School District. However, in either case, the School District retains the right to approve or reject replacements.

- G. Other audit personnel may be changed after notification and discussion at the discretion of the bidder provided that replacements have substantially the same or better qualifications.
- H. For the firm that will be assigned responsibility for the audit, list the most significant engagements (maximum of 4) performed in the last four years that are similar to the engagement described in this Request for Proposals. These engagements should be ranked on the basis of total staff hours. Indicate the scope of the work, date, engagement partners, total hours, and the name and telephone number of the client contact.
- I. The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services requested described under “Nature of Services Required” in this Request for Proposals. Bidders will be required to provide the following information on their audit approach:
- Proposed segmentation of the engagement
  - Level of staff and number of hours to be assigned to each proposed segment of the engagement
  - Type and extent of analytical procedures to be used in the engagement
  - Approach to be taken to gain and document an understanding of the School District’s internal control structure
- J. The cost proposal should follow the School District provided “Sample Bid Proposal Cost Format” format included in this Request for Proposals. The proposal amount should contain all pricing information relative to performing the audit engagement as described in this Request for Proposals. The proposal amount for each year is to contain all direct and indirect costs including out-of-pocket and travel expenses.

Progress payments will be made on the basis of hours of work completed during the course of the engagement. Interim billings may cover a period of less than a calendar month.

## **EVALUATION PROCEDURES**

- A. Proposals will be evaluated by a School District Committee chaired by the Director of Fiscal Operations who will recommend the preferred firm to the Board of Trustees for final approval. All proposals and information submitted for review by the Committee are hereby declared to be part of the contract auditors’ proposal for final review by the Board of Trustees. Bids will be evaluated utilizing a weighting factor for each of the major areas of concern. These weights are Technical Qualifications – 30 points; Audit Approach – 30 points; Governmental Experience – 20 points; and Price – 20 points. These points may be assigned up to the maximum listed in each category for each firm evaluated.
- B. The evaluation is intended to identify the firm that is best able to conduct the audit. The results of the evaluation of the proposals submitted by the various auditing firms shall be accepted without recourse or request for review by any of the auditing firms submitting

such proposals. The evaluation will be based on the subjective judgment of the proposal as related to experience, approach, qualifications, and cost.

- C. During the evaluation process, the School District Audit Committee may, at its discretion, request any one or all firms to make oral presentations to the Committee or the Board of Trustees. Such presentations will provide firms with an opportunity to answer questions on a firm's proposal. Not all firms may be asked to make such oral presentations.
- D. Submission of a proposal indicates acceptance by the firm of the conditions contained in this Request for Proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the School District and the firm selected.

**APPENDIX A  
SCHOOL DISTRICT FINANCIAL STATEMENTS  
LIST OF SCHEDULES PREPARED FOR AUDITORS**

**TRIAL BALANCE** - Detailed trial balance of all fund types and accounts in electronic comma de-limited format.

**CASH** - Lead schedule for all funds with comparative prior-year amounts bank reconciliation for all cash accounts open as of June 30. Bank reconciliations for all General Fund accounts.

**INVESTMENTS** - Lead schedule for all funds; change in investments held under Joint Exercise of Powers Act. A schedule of Interest receivable with support calculations.

**TAXES RECEIVABLE** - Lead schedule for current taxes receivable for all funds with comparative amounts from prior year. Lead schedule for delinquent taxes receivable for all funds with comparative amounts from prior year. Summary of property tax calculation for fiscal year by month with receipt number identified.

**STATE AND FEDERAL RECEIVABLES** - Lead schedule with comparative amounts from prior year.

**OTHER ASSETS** - Lead schedule for all funds.

**FIXED ASSETS** - Lead schedule for all funds.

**ACCOUNTS PAYABLE** - Lead schedule for all funds with comparative amounts from prior year. Detailed listing of each accrual item for all payables.

**ACCRUED LIABILITIES** - Lead schedule for all funds with comparative amounts from prior year. Detail schedule of year-end payroll accruals. Lead schedule for all funds for benefits with comparative amounts from prior year.

**GENERAL OBLIGATIONS BONDS AND NOTES** - Lead schedule for all funds.

**CAPITAL LEASES** - Lead schedule.

**DEFERRED REVENUE** - Lead schedule for all funds with comparative amounts prior year.

**BALANCE SHEETS AND INCOME STATEMENTS** – Working Balance sheets for all funds.

**SAMPLE BID PROPOSAL COST FORMAT**

TO: Board of Trustees  
Mountain Home School District No. 193  
470 North 3<sup>rd</sup> East  
Mountain Home, Idaho 83647

We wish to submit this proposal to perform auditing and related services for the Mountain Home School District No. 193 in conformance with your invitation to submit proposals for these services.

PROPOSAL AMOUNTS include all costs for conducting the audit, including consultations, reports, and special communication detailed as follows:

1.	Partner	No. of Hrs. * Cost/hr.	TOTAL	\$ _____
2.	Manager	No. of Hrs. * Cost/hr.	TOTAL	\$ _____
3.	Seniors	No. of Hrs. * Cost/hr.	TOTAL	\$ _____
4.	Juniors	No. of Hrs. * Cost/hr.	TOTAL	\$ _____
5.	Others	No. of Hrs. * Cost/hr.	TOTAL	\$ _____
6.	Other related costs (list)			

---

---

---

The totals below indicate ALL costs included in the audit bid proposal. Indicate other administrative, travel, copying, etc., in the “other related costs” line above.

GRAND TOTAL for the First Year 2016-2017	\$ _____
PROPOSAL AMOUNT for Second Year 2017-2018	\$ _____
PROPOSAL AMOUNT for Third Year 2018 -2019	\$ _____
PROPOSAL AMOUNT for Fourth Year 2019-2020	\$ _____
PROPOSAL AMOUNT for Fifth Year 2020-2021	\$ _____

The Mountain Home School District reserves the right to reject any and/or all proposals, waive any informalities in the proposals received, and to accept the proposal deemed best for Mountain Home School District No. 193.

The auditing firm agrees that the proposal will be firm and may not be withdrawn for a period of sixty (60) days after scheduled closing time for proposals.

It is understood that representatives of this School District shall have the right to contact clients for whom this firm was engaged for one or more projects to obtain information about the type and quality of services performed to evaluate and select a firm.

It is also understood, that the audit will be completed, all reports and documents prepared, and the auditing firm will be ready to meet and consult with the Board of Trustees at their regular meeting in October of each year during the life of the agreement.

Dated at \_\_\_\_\_ this day \_\_\_\_\_, 20\_\_\_\_.

Respectfully submitted,

By: \_\_\_\_\_

Business Name: \_\_\_\_\_

Business Address: \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Telephone Number \_\_\_\_\_

Best Regards,

Cliff Ogborn  
Director of Fiscal Operations